

MEAT VALUE BASED PROCUREMENT FOR MEDICAL TECHNOLOGY

How to link “Value-based Health Care” and “Public Procurement” in Europe

Value-based health care is an emerging paradigm which has the power to change health care as we know it, but in order to achieve real impact, it must be applied to the key decisions that make up care delivery.

One of the most critical decisions is the **procurement** of products or services by health care providers. By choosing one product or service over another, procurement officials are de facto impacting the care being offered and incentivizing the industry and other health care stakeholders to act in specific ways. Given this significant influence, procurement agencies should be one of the key players in health care leading the effort to **focus on value**.

Several hospitals, procurement and even regional health authorities, have **started including health care quality and longer-term cost impact considerations in their procurement decisions**. This has enabled them to **take health outcomes into consideration as well as other quality criteria**, along with the total lifecycle cost and longer-term costs of care, so as to ensure the best value for the patient, the medical staff, the entire hospital group and society.

It is further encouraging to note the increased focus the **2014 EU public procurement directive** has placed on the quality criteria. This directive, which is currently being transposed into national legislations by the member states, puts a clear focus on total economic value by making the **Most Economic Advantageous Tender (MEAT)** the default criteria and encouraging the use of best price/cost – quality ratio i.e. **the best value for money**.

MedTech Europe in partnership with The Boston Consulting Group and procurement experts, has developed a **framework and a simple Excel tool** to stimulate discussions and make **MEAT value based procurement for Medical Technology a reality**.

Framework and Simple Excel Tool

Why is this change necessary? Procurement today is facing many systemic issues and challenges: a siloed approach, misaligned goals, strong pressure to reduce direct expenditure, a price only approach and often a lack of consideration for the quality of care or longer-term economic implications. It also suffers from a lack of incentives, tools and expertise to consider the complete value which products and services can offer, at different levels and across stakeholders. By March 2016 value based procurement should start being used in procurement practice. This concrete usage is the next step in the journey to ensure that value-based procurement of medical technology becomes the common practice across Europe in public and private procurement.